GOVERNMENT OF INDIA
MINES AND MINERALS
LOK SABHA

UNSTARRED QUESTION NO:5285
ANSWERED ON:28.04.2000
ROYALTY ON COAL
SRIKANTA DATTA NARASIMHARAJA WADIYAR

Will the Minister of MINES AND MINERALS be pleased to state:

to the reply given to Unstarred Question No.856 on December 3, 1999 and state:

(a) whether the Government have any proposal to revise the royalty rate of coal during the current financial year;

(b) if so, the steps being taken in this direction; and

(c) if not, the reasons therefore?

Answer

MINISTER OF STATE FOR MINES & MINERALS

(SMT. RITA VERMA)

(a) to (c): On account of the challenge from the imported coal and the critical financial position of the State Electricity Boards, power corporations and steel industry and cement sector, it has been decided to continue with the existing royalty rates on coal so as to keep the domestic coal competitively priced. The coal companies receive only about 40-45% of the landed price of coal on an average. The larger proportion of this price is on account of cost of railway freight and the various levies such as royalty, excise duty, cess and sales tax. As a consequence, Indian coal is getting priced out in several locations and consequently there is a sharp increase in the import of coal. The State Electricity Boards and the State Government Power Companies/Corporations are also struggling hard to make both ends meet. The steel industry is yet to get out of the depression. Any increase in royalty on coal at this stage may well deepen the crisis for the power sector, steel sector and the domestic coal sector. Therefore, a decision has been taken not to enhance the existing royalty rates on coal at this stage.